



**KATHLEEN CONNELL**  
Controller of the State of California



**KATHLEEN CONNELL**  
**Controller of the State of California**

July 6, 1999

**To the Citizens, Governor, and Members  
of the Legislature of the State of California:**

I

am pleased to submit to you the *General Fund Cash Basis Report* for the fiscal year ended June 30, 1999. The General Fund, the State's primary funding source for general government services, ended the 1998-99 fiscal year with a cash balance of \$848 million. This is the second consecutive year the State has ended with a positive balance and without any outstanding short-term borrowing.

These statements are available on the Internet at the State Controller's home page at <http://www.sco.ca.gov>, under the category "State Government Annual Financial Reports."

This report is published to provide authoritative information under the cash basis of accounting concerning the financial status of the General Fund as close to the end of the fiscal year as possible. This report does not, however, portray a complete picture of the State's operations or financial position. After completion of the audit of the State's finances by the State Auditor, I will issue the *Comprehensive Annual Financial Report*, prepared in conformance with generally accepted accounting principles. At that time, the *Budgetary/Legal Basis Annual Report*, which contains an accounting of all fund activity in compliance with state law, state accounting procedures, and the state budget, will also be issued.

Sincerely,

A handwritten signature in cursive script, reading "Kathleen Connell".

KATHLEEN CONNELL  
California State Controller

# Statement of Cash Receipts, Disbursements, and Balances

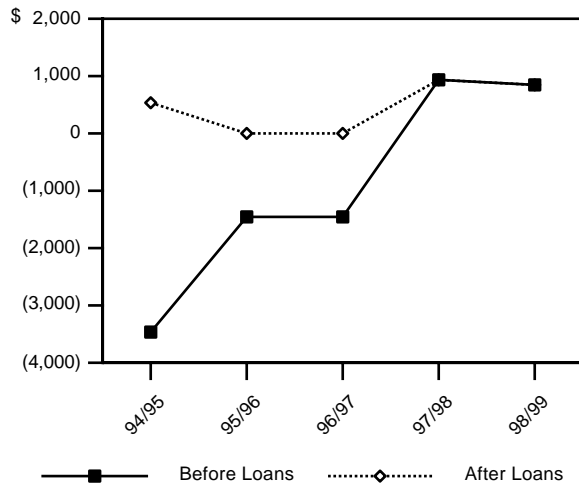
(Amounts in thousands)

	Year Ended June 30,	
	1999	1998
<b>General Fund Beginning Cash Balance (Deficit) Before Loans, July 1 .....</b>	<b>\$ 934,607</b>	<b>\$ (1,190,387)</b>
<b>Receipts</b>		
Revenues .....	58,287,784	54,485,140
Nonrevenues (Note 1) .....	223,076	776,417
<b>Total Receipts .....</b>	<b>58,510,860</b>	<b>55,261,557</b>
<b>Disbursements</b>		
State Operations .....	14,348,442	14,100,727
Local Assistance .....	41,869,788	38,480,452
Capital Outlay .....	243,231	52,949
Nongovernmental (Note 1) .....	2,136,070	502,435
<b>Total Disbursements .....</b>	<b>58,597,531</b>	<b>53,136,563</b>
<b>Receipts Over (Under) Disbursements .....</b>	<b>(86,671)</b>	<b>2,124,994</b>
<b>General Fund Ending Cash Balance Before Loans, June 30 .....</b>	<b>847,936</b>	<b>934,607</b>
<b>Total Loans .....</b>	<b>—</b>	<b>—</b>
<b>General Fund Ending Cash Balance After Loans, June 30 .....</b>	<b>847,936</b>	<b>934,607</b>
<b>Special Fund for Economic Uncertainties, June 30 .....</b>	<b>1,260,722</b>	<b>74,646</b>
<b>Total Cash, June 30 (Note 1) .....</b>	<b>\$ 2,108,658</b>	<b>\$ 1,009,253</b>
<hr/>		
<b>Borrowable Resources (Note 2)</b>		
<b>Available Resources</b>		
From Special Fund for Economic Uncertainties .....	\$ 1,260,722	\$ 74,646
From Special Funds and Accounts .....	7,459,254	6,792,184
<b>Total Available Resources .....</b>	<b>8,719,976</b>	<b>6,866,830</b>
<b>Total Loans .....</b>	<b>—</b>	<b>—</b>
<b>Unused Resources .....</b>	<b>\$ 8,719,976</b>	<b>\$ 6,866,830</b>

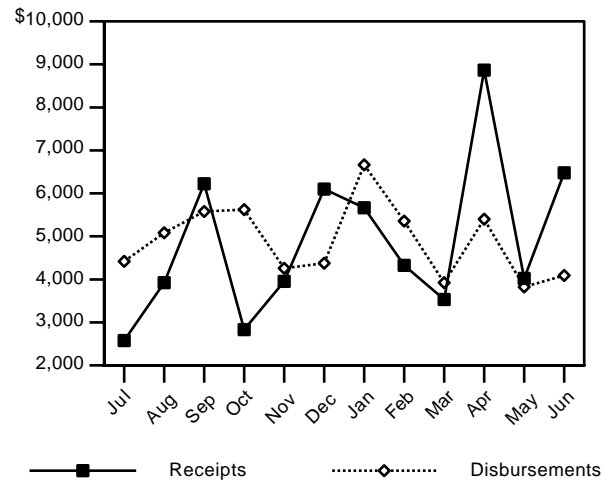
# Charts of Cash Receipts, Disbursements, and Balances

(Amounts in millions)

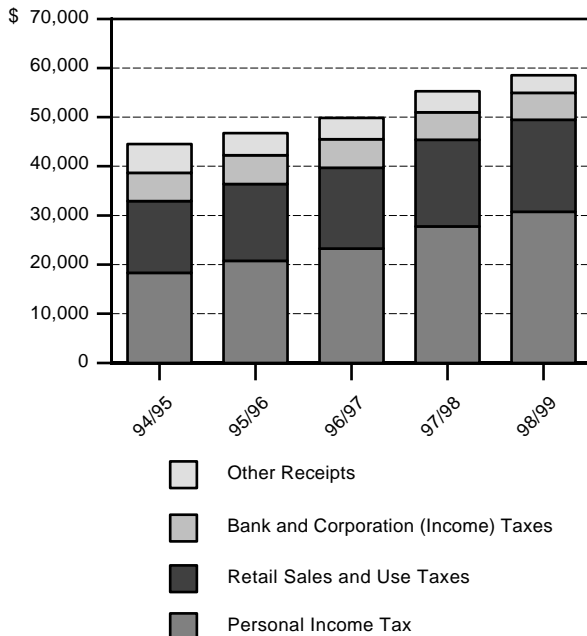
**Ending Cash Balances  
Last Five Fiscal Years**



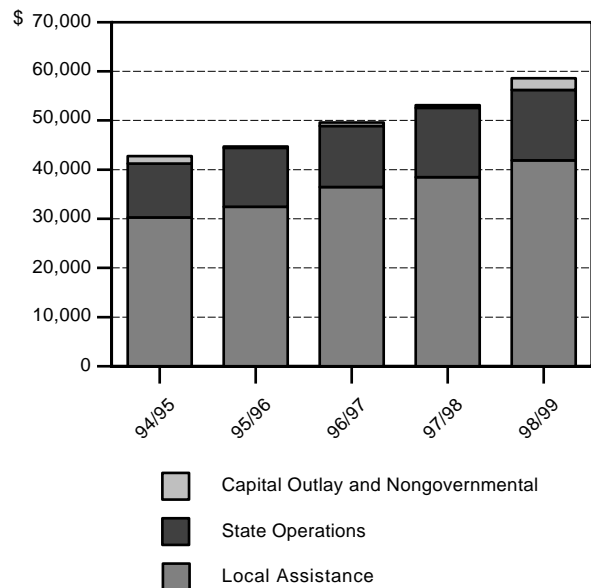
**Monthly Cash Receipts and Disbursements  
For the Fiscal Year Ended June 30, 1999**



**Cash Receipts  
Last Five Fiscal Years**



**Cash Disbursements  
Last Five Fiscal Years**



# Schedule of Cash Receipts

(Amounts in thousands)

	Year Ended June 30,	
	1999	1998
<b>RECEIPTS</b>		
<b>REVENUES</b>		
<b>Major Taxes and Licenses</b>		
Personal Income Tax .....	\$ 30,728,902	\$ 27,781,518
Retail Sales and Use Taxes .....	18,731,422	17,614,594
Bank and Corporation (Income) Taxes .....	5,459,193	5,587,667
Insurance Gross Premiums Tax .....	1,263,787	1,225,783
Estate Tax .....	877,267	785,387
Cigarette Tax .....	147,509	165,388
Excise Tax on Beer and Wine .....	144,893	144,545
Excise Tax on Distilled Spirits .....	128,574	125,983
Horse Racing (Parimutuel) License Fees .....	24,724	45,782
Inheritance Tax .....	535	1,993
Gift Tax .....	98	3
<b>Total Major Taxes and Licenses .....</b>	<b>57,506,904</b>	<b>53,478,643</b>
<b>Minor Revenues</b>		
Pooled Money Investment Income .....	304,842	262,015
Abandoned Property .....	174,099	189,115
Health Care Deposit Fund Receipts .....	13,156	9,968
State Lands Royalties .....	9,760	13,898
Private Rail Car Tax .....	6,354	6,184
Trial Court Revenues .....	3,256	190,586
Liquor License Fees .....	2,902	4,452
Miscellaneous .....	266,511	330,279
<b>Total Minor Revenues .....</b>	<b>780,880</b>	<b>1,006,497</b>
<b>Total Revenues .....</b>	<b>58,287,784</b>	<b>54,485,140</b>
<b>NONREVENUES</b>		
Transfers from Special Fund for Economic Uncertainties .....	5,495	317,424
Transfers from Other Funds .....	(93,731)	206,529
Miscellaneous .....	311,312	252,464
<b>Total Nonrevenues .....</b>	<b>223,076</b>	<b>776,417</b>
<b>TOTAL RECEIPTS .....</b>	<b>\$ 58,510,860</b>	<b>\$ 55,261,557</b>

# Schedule of Cash Disbursements

(Amounts in thousands)

	Year Ended June 30,	
	1999	1998
<b>DISBURSEMENTS</b>		
<b>STATE OPERATIONS</b>		
Legislative/Judicial/Executive .....	\$ 836,216	\$ 787,975
Resources .....	578,160	481,811
State and Consumer Services .....	393,077	367,302
Environmental Protection Agency .....	108,587	58,954
Trade and Commerce .....	31,384	32,067
Business, Transportation and Housing .....	7,298	13,664
Health and Welfare		
Mental Health Hospitals .....	295,744	305,918
Health Services .....	215,321	150,225
Other Health and Welfare .....	302,323	171,464
Youth and Adult Correctional Agency .....	3,846,222	3,895,909
Education		
University of California .....	2,492,755	2,182,550
State University and Colleges .....	2,023,826	1,897,276
Other Education .....	135,578	134,208
Debt Service (Note 1) .....	1,938,702	1,869,928
General Government .....	672,210	606,843
Public Employees Retirement System (Note 3) .....	388,370	1,026,445
Interest on Loans .....	82,669	118,188
<b>Total State Operations .....</b>	<b>14,348,442</b>	<b>14,100,727</b>
<b>LOCAL ASSISTANCE</b>		
Judicial/Executive .....	919,757	569,880
Resources .....	56,986	3,256
Business, Transportation and Housing .....	18,995	9,437
State and Consumer Services .....	13,456	11,321
Environmental Protection Agency .....	4,458	2,542
Health and Welfare		
Department of Health Services .....	7,668,598	7,171,917
Department of Social Services .....	6,366,104	5,409,589
Department of Developmental Services .....	589,835	380,596
Department of Mental Health .....	304,926	286,945
Other Health and Welfare .....	228,703	220,290
<b>Total Health and Welfare .....</b>	<b>15,158,166</b>	<b>13,469,337</b>

(Continued)

# Schedule of Cash Disbursements

(Amounts in thousands)

	Year Ended June 30,	
	1999	1998
Youth and Adult Correctional Agency .....	\$ 82,955	\$ 65,678
Education		
K-12 Education .....	21,099,058	19,758,033
Community Colleges .....	2,195,988	1,979,563
Teachers' Retirement System .....	292,931	954,174
State School Building Aid-Debt Service (Note 1) .....	—	—
Other Education .....	1,267,065	914,347
Total Education .....	24,855,042	23,606,117
Property Tax Relief		
Homeowners Property Tax Relief .....	389,667	387,048
Subventions for Open Space .....	35,302	36,153
Senior Citizens Property Tax .....	13,949	14,798
Senior Citizens Renters Relief .....	11,357	12,403
Renters Tax Relief .....	481	680
Sales and Property Tax Revenue Loss.....	173	2,570
Substandard Housing .....	—	370
Total Property Tax Relief .....	450,929	454,022
Miscellaneous .....	309,044	288,862
Total Local Assistance .....	41,869,788	38,480,452
<b>CAPITAL OUTLAY</b>		
Total Capital Outlay .....	243,231	52,949
<b>NONGOVERNMENTAL (Note 4)</b>		
Transfer to Special Fund for Economic Uncertainties .....	1,189,226	112,000
Transfer to Other Funds .....	956,882	175,613
Transfer to Revolving Fund .....	36,576	13,925
Advances		
Counties for Social Welfare .....	118,850	(36,729)
Trial Court Trust Fund (Note 5).....	77,000	110,000
Earthquake Loan Repayment .....	—	45,490
State-County Property Tax Administration Program .....	(2,673)	(47,615)
Social Welfare Federal Fund .....	(239,791)	129,751
Total Nongovernmental .....	2,136,070	502,435
<b>TOTAL DISBURSEMENTS .....</b>	<b>\$ 58,597,531</b>	<b>\$ 53,136,563</b>

(Concluded)

# Notes to Statements and Schedules

## NOTE 1

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Basis of Presentation

The *General Fund Cash Basis Report* is based on cash reported to and recorded in the records of the State Controller's Office. Amounts reported may differ from amounts in other reports to the extent there are timing differences in the recording of in-transit items between agencies, the State Treasury, and the State Controller's Office. The cash basis of accounting does not reflect accruals.

#### B. General Fund

The "Statement of Cash Receipts, Disbursements, and Balances" does not include cash in the "Special Fund for Economic Uncertainties," if any, in the report's balances, except for the balance titled "Total Cash, June 30."

#### C. Nonrevenue Receipts

Nonrevenue receipts are transfers or miscellaneous receipts from other funds that do not represent revenues of the General Fund. "Transfers from Other Funds" are legally authorized movements of money into the General Fund from other funds that are responsible for the initial receipt of the money. "Miscellaneous" nonrevenue receipts include reimbursements that are not credited to a specific appropriation, and certain other receipts that are not defined as revenue.

#### D. Nongovernmental Disbursements

Nongovernmental disbursements are transfers or advances to other funds that do not represent expenditures of the General Fund. "Transfers to Other Funds" are legally authorized movements of money from the General Fund, which is responsible for the initial receipt of the money, to other funds that are responsible for the actual expenditure. "Advances" include legally authorized loans to other funds and governmental entities, and the repayments of those loans.

#### E. State School Building Aid - Debt Service

"State School Building Aid-Debt Service" is not included in the total of "Debt Service" under "State Operations." It is accounted for as "Local Assistance" under "Education."

## NOTE 2

### BORROWABLE RESOURCES

Government Code Sections 16310 and 16418 authorize transfers to the General Fund from other funds in the State Treasury to meet the State's short-term borrowing needs. Chapter 268, Statutes of 1984, authorizes the State to borrow from external sources prior to exhausting internal sources. External sources of funds are obtained by issuing Revenue Anticipation Notes (RANs), Revenue Anticipation Warrants (RAWs), and Registered Warrants.



With respect to short-term external loans, the State issued \$1.7 billion in RANs on October 1, 1998, to meet the normal cash flow needs for the 1998–99 fiscal year. The RANs were repaid on June 30, 1999; therefore, the State ended the 1998–99 fiscal year with no short-term external loans.

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**NOTE 3****RETIREMENT CONTRIBUTIONS – STATE'S SHARE**

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Beginning in the 1993–94 fiscal year, the Legislature modified California statutes to require the State's share of retirement contributions to the Public Employee's Retirement System (PERS) to be accumulated for a 12-month period, and paid at the beginning of the second fiscal year following the fiscal year the contributions were accumulated. PERS filed suit in April 1994 challenging the legality of this modification to the statutes.

The California Appellate Court held that the statute requiring annual payments to the system resulted in an unconstitutional impairment of contract and, on that basis, invalidated the statute, thereby returning the State to a quarterly payment system. On July 30, 1997, the State paid the 1995–96 and 1996–97 fiscal years General Fund contributions (\$587.5 million and \$640.6 million, respectively) to PERS. Additionally, PERS filed a claim, in the amount of \$306.1 million, with the Board of Control for interest owed due to past deferred payments.

The State's share of the retirement contributions is charged against each agency's appropriation, based on that agency's payroll. These retirement contribution expenditures are simultaneously credited to a statewide account pending a quarterly disbursement to PERS. The amount for the 1997–98 fiscal year represents General Fund contributions for the 1995–96 and 1996–97 fiscal years and the first three quarters of the 1997–98 fiscal year, with the fourth quarter payment being made on July 1, 1998.

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**NOTE 4****NONGOVERNMENTAL**

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Negative balances are the result of repayments received that are greater than disbursements made during the fiscal year.

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**NOTE 5****TRIAL COURT TRUST FUND**

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On February 25, 1999, the State Controller, the State Treasurer, and the Governor authorized a loan of up to \$200 million to the Trial Court Trust Fund from the General Fund, as requested by the Judicial Council pursuant to Government Code Section 16351. As of June 30, 1999, the outstanding loan amount was \$187 million. This loan is to be repaid to the General Fund on or before August 31, 1999. In addition, the 1997–98 loan of \$110 million was repaid on July 31, 1998.